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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/924,402	08/07/2001	Ronald S. Miolla	P0413	6277

23735 7590 05/17/2005

DIGIMARC CORPORATION  
9405 SW GEMINI DRIVE  
BEAVERTON, OR 97008

EXAMINER
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LAVIN, CHRISTOPHER L

ART UNIT	PAPER NUMBER
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2621

DATE MAILED: 05/17/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

**Office Action Summary**

Application No.

09/924,402

Applicant(s)

MIOLLA ET AL.

Examiner

Christopher L. Lavin

Art Unit

2621

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 13 January 2005.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-16 is/are pending in the application.
- 4a) Of the above claim(s) 8-11 is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-7 and 12-16 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 07 August 2001 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                                   | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

## **DETAILED ACTION**

### ***Amendment***

1. This action is responsive to the amendment received on 01/13/05.

### ***Claim Objections***

2. The following quotations of 37 CFR § 1.75(a) is the basis of objection

(a) The specification must conclude with a claim particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention or discovery.

Claim 16 is objected to under 37 CFR § 1.75(a) as failing to particularly point out and distinctly claim the subject matter which the applicant regards as his invention or discovery. Steps I and II appear to be redundant, simply deleting step I would solve the problem.

### ***Claim Rejections - 35 USC § 102***

3. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

4. Claims 1 – 3, 5, and 6 rejected under 35 U.S.C. 102(b) as being anticipated by Moore (5,592,561).

In regards to claim 1, A method to identify counterfeit merchandise comprising: inspecting merchandise, i.e., product, for a digital watermark (col. 7, line 56 – col. 8, line 9; col. 9, lines 26 – 35: The encoded mark or symbol is a watermark. As it is encoded by a computer, this is a digital watermark.); and identifying counterfeit or diverted merchandise by the absence of a watermark, wherein the digital watermark is expected

to include plural-bit information indicating at least an expected retail destination for the merchandise (col. 7, line 66 – col. 8, line 9; col. 9, lines 26 – 35; col. 9, lines 13 – 15: The identifying message would have to comprise of plural-bit information.).

In regards to claim 2, The method according to claim 1, wherein the digital watermark includes an identifier, said method further comprising of accessing information with the identifier (col. 7, line 66 – col. 8, line 9).

In regards to claim 3, The method according to claim 2, further comprising identifying a counterfeit through comparison of the merchandise with the assessed information (col. 7, line 66 – col. 8, line 9).

In regards to claim 5, An inspector network comprising: a database comprising a plurality of entries, at least one of the entries including merchandise information, wherein the merchandise information comprises at least an expected retail destination for an item of merchandise (col. 7, line 66 – col. 8, line 9); an inspector computer comprising: an input device to capture an image of merchandise (Figure 1, item 29); a computer including electronic processing circuitry and electronic memory circuitry, wherein said electronic memory circuitry has computer executable instructions stored thereon, said instructions including instructions to (Figure 1, item 14): detect a digital watermark in an image captured by said input device (col. 7, line 56 – col. 8, line 9); decode a detected watermark, the watermark including at least plural information bits (col. 7, line 56 – col. 8, line 9); and to request information from said database corresponding to the plural information bits (col. 7, line 66 – col. 8, line 9; col. 9, lines 26 – 35); and a network interface to communicate with said database (Figure 1, item 26).

In regards to claim 6, The inspector network according to claim 5, wherein said inspector computer generates a signal when a digital watermark is not detected by said computer executable detect instructions (col. 7, line 66 – col. 8, line 9; col. 9, lines 13 – 15).

***Claim Rejections - 35 USC § 103***

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

This application currently names joint inventors. In considering patentability of the claims under 35 U.S.C. 103(a), the examiner presumes that the subject matter of the various claims was commonly owned at the time any inventions covered therein were made absent any evidence to the contrary. Applicant is advised of the obligation under 37 CFR 1.56 to point out the inventor and invention dates of each claim that was not commonly owned at the time a later invention was made in order for the examiner to

consider the applicability of 35 U.S.C. 103(c) and potential 35 U.S.C. 102(e), (f) or (g) prior art under 35 U.S.C. 103(a).

6. Claim 4 is rejected under 35 U.S.C. 103(a) as being unpatentable over Moore in view of Rhoads (6,750,985).

In regards to claim 4, Moore discloses the method of claim 3 which has everything in common with claim 4 except for a fragile watermark. However, Fragile watermarking is well known in the art as shown by Rhoads (paragraph starting at col. 25, line 36).

Therefore it would have been obvious to one having ordinary skill in the art at the time of the invention to use a fragile watermark (as taught by Rhoads) in the method disclosed by Moore. If the watermark was not unique for each item a fragile watermark would provide another level of counterfeit protection, as copied watermarks would degrade alerting a monitoring system of a counterfeit.

7. Claim 7 is rejected under 35 U.S.C. 103(a) as being unpatentable over Moore in view of Chu (6,325,283).

In regards to claim 7, Moore as shown in the rejection of claim 5 has everything in common with claim 7 except for a specific mention of a graphical user interface as part of the inspector network.

Chu teaches in the paragraph starting at column 2, line 36 that a graphical user interface can be used in conjunction with an inspector network.

Therefore it would have been obvious to one having ordinary skill in the art at the time of the invention to use a graphical user interface (as taught by Chu) in the

inspector network. Chu teaches that a graphical user interface allows ease of use for users unskilled in advance computing techniques.

8. Claims 12 – 16 are rejected under 35 U.S.C. 103(a) as being unpatentable over Moore in view of Wheatley (5,095,210).

In regards to claim 12, A method to identify [pharmaceuticals] comprising: inspecting image data corresponding to a [pharmaceutical] for steganographic indicia, the steganographic indicia comprising a plural-bit identifier (col. 7, line 56 – col. 8, line 9; col. 9, lines 26 – 35); and determining whether the [pharmaceutical] is authentic through reference to the steganographic indicia (col. 7, lines 23 - 26).

Moore discloses performing the following claim for generic products. Moore does not disclose performing this operation on a pharmaceutical. Substituting one type of product for another however is not patentable. That said, the examiner has provided a reference teaching that watermarks can be used to verify the authenticity of a drug, Wheatley (col. 1, lines 19 – 25).

Therefore it would have been obvious to one having ordinary skill in the art at the time of the invention to use the method disclosed by Moore for tracking pharmaceuticals (as taught by Wheatley). Verifying the authenticity of a pharmaceutical is a vital task, as a fake pill could kill a patient. Thus including pharmaceuticals in the method disclosed by Moore would provide a vital service for patients.

In regards to claim 13, The method of claim 12, wherein the plural-bit identifier indicates at least an expected destination of the pharmaceutical (col. 7, line 66 – col. 8, line 9).

In regards to claim 14, The method of claim 13, further comprising determining, with at least reference to the expected destination, whether the pharmaceutical has been diverted (col. 8, lines 49 – 63; col. 17, lines 30 – 61).

In regards to claim 15, The method of claim 13, further comprising indexing a database with at least a part of the plural bit-identifier to determine the expected destination (col. 7, line 66 – col. 8, line 9).

In regards to claim 16, A handheld device comprising: optical scanner to obtain image data corresponding to a pharmaceutical; electronic processing circuitry (col. 7, lines 56 – 65); and memory including computer executable instructions therein for execution by the electronic processing circuitry, the instructions comprising instructions to (col. 7, lines 56 – 65: Every PC has some form of memory, that memory must contain software instructions for implementing the inspection.): i) inspect the image data (col. 7, lines 56 – 65), and ii) carry out the method of claim 12 (col. 7, line 56 – col. 8, line 9).

### ***Response to Arguments***

9. Applicant's arguments with respect to claims 1 and 5 have been considered but are moot in view of the new ground(s) of rejection.

### ***Conclusion***

10. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not



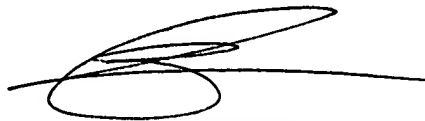
mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Christopher L. Lavin whose telephone number is 571-272-7392. The examiner can normally be reached on M - F (8:30 - 5:00).

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Bhavesh M. Mehta can be reached on (571) 272-7453. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

CLL



**BRIAN WERNER**  
**PRIMARY EXAMINER**